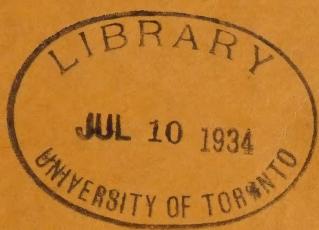


Govt Doc.

CA 24N  
EP  
-34 P16

Ontario. Hydro-Electric Power Commission

# Paid for Propaganda?



## Who instigates attacks on Hydro?

Important Facts brought to public  
attention by the Hydro-Electric  
Power Commission of Ontario.

TORONTO-ONTARIO  
• 1934 •



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# PAID-FOR PROPAGANDA

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IMPORTANT FACTS BROUGHT TO PUBLIC  
ATTENTION BY THE HYDRO-ELECTRIC  
POWER COMMISSION OF ONTARIO

*one*

TORONTO - ONTARIO  
1934

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## PAID-FOR PROPAGANDA

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### WHO INSTIGATES ATTACKS ON HYDRO?

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THOSE who keep themselves posted upon public matters must have observed that at the present time there is being carried on in Ontario an intensified programme of attack against the work of the Hydro-Electric Power Commission of Ontario.

Citizens of Ontario have a vital interest in safeguarding their publicly-owned Hydro enterprise. The investment at stake is \$400,000,000, or more than \$650 for each Hydro consumer. This investment is devoted solely to the provision of high-quality electrical service at the lowest possible cost consistent with sound financial procedure. It has no dividends going to enrich financial manipulators through inflated stock valuations or otherwise, but it yields, month by month, very real monetary returns to the consumers in their lowered bills for electrical service. The annual saving through public ownership of the Hydro undertaking amounts to many millions of dollars.

Obviously, the electrical consumers of Ontario, who have so much to lose, and nothing to gain, by injury to their Hydro undertaking, are not instigating or sponsoring these intensified attacks. Who, then, is behind them? There must be *some* definite objective in view.

It is the intention in the present pamphlet to examine this matter in order to see what light can be shed upon the origin and purposes of present efforts now so definitely being made to injure the great publicly-owned Hydro enterprise.

## How Can Attacking Interests be Identified?

Those who initiate and carry forward campaigns against the public interest naturally seek to conceal their identity, often using spokesmen or writers who make no open acknowledgment of their affiliations. Frequently several years elapse before definite *proof* comes to the knowledge of the public, establishing the secret sponsorship of propaganda.

It is necessary, however, that the Ontario public be placed on its guard *now*, and that it be directed to a consideration of such facts as are *now* available and which point towards the origin and objects of anti-Hydro attacks. That is to say, while awaiting discovery of definite proofs showing who is instigating present attacks on Hydro, the citizens of Ontario cannot afford to ignore the significance of answers to the relevant questions, "What interests would benefit from injury to Hydro?"; "What interests have recently been proved to have sponsored and paid for former attacks on Hydro?"; "What steps could such interests be taking at the present time to advance their objects?"; and "Do the present attacks on Hydro follow the lines such interests would desire?" The answers to these questions will disclose a situation that warrants the utmost vigilance upon the part of Hydro consumers to safeguard their undertaking.

## Hydro Chairman Warns of Present Menace

The Hydro-Electric Power Commission has been fully alive to the attacks that have been made against Ontario's municipally-owned electrical undertaking. The Commission's trusteeship of the extensive and valuable properties of the municipalities is appreciated to be a serious responsibility. It involves, for example, the provision of adequate supplies of electrical power in advance of requirements and at lowest cost; it involves the keeping of the municipal partners informed respecting its operations, and furthermore it involves the refutation of attacks made through prominent sources upon the undertaking. This was the policy that was followed by the Commission under the regime of Sir Adam Beck, and it is the policy that actuates the present administration.

During the last Session of the Ontario Legislature, the Chairman, Honourable J. R. Cooke, speaking in the House, drew special attention to the onslaughts being made upon Hydro. He showed their true character, and made necessary corrections of misrepresentations. Towards the close of the Session, speaking on behalf of proposed Hydro legislation, the Chairman presented a detailed explanation of some of the attacks previously made upon the Commission. He also showed

that the present attacks were similar, and he raised the very pertinent query as to whether or not influences that are now known to have been back of the earlier attacks are, correspondingly, operative with respect to present assaults.

Subsequently, effort was made by some to brush aside the Chairman's presentation on the ground that he was dealing with matters that were past. The Chairman, however, made it very clear that the earlier circumstances were significantly characteristic and had a very direct bearing upon the present Hydro situation.

### Hydro Achievements a "Yardstick"

So long as Hydro's achievements remain as a standard by which the short-comings of various privately-owned utilities elsewhere can be gauged, and so long as there remain valuable water powers in Ontario coveted by financial exploiters, just so long will there be powerful interests with motive for wishing harm to Ontario's publicly-owned electrical undertaking.

It is only recently that there has been disclosed through United States Governmental investigations held at Washington, D.C., definite proof of what has been behind the attacks on Hydro. Ontario's Hydro Commission had long known that sinister influences were at work and had surmised that doubtless they were aided by monetary considerations, but until comparatively recently the Commission did not have full actual proofs. It did not know until the cheques with their tell-tale information and endorsements were disclosed at Washington that Ontario's Hydro undertaking was the object of attacks that were paid for by those seeking, with ulterior motive, to injure and to misrepresent the work of the citizens of Ontario in providing their electrical service. Paid-for propaganda has, however, been a common means employed and it is believed the sinister influences that devised and directed these methods are still active in their efforts to cripple, if possible, Ontario's Hydro undertaking.

If the earlier attacks had ceased and there was nothing now to warrant the conclusion that the Hydro undertaking was still being menaced, there would, perhaps, not be the occasion for the present warning. But—as all in Ontario know—the attacks continue to be made. In the United States also within the present year untrue and bitter publications against Ontario's Hydro undertaking continue to be manufactured and disseminated, sometimes more or less under cover, but in ways that are calculated to discredit the Hydro achievements and thus to injure its prestige and menace its financial status.

It will only be necessary to quote from two or three of such publications that have recently come to hand in order to substantiate

the position that is taken with regard to this adverse propaganda and to show how ill-informed those must be who suggest that there is no need for the present warning, saying that the evidence at hand is 'only old information.'

### Toronto Being Defamed

Toronto is proud of the achievements of its Hydro utility. The City was a bulwark in the initiation of the Hydro enterprise and has given leadership and stability to important aspects of the Hydro undertaking. Under the heading, "The Real Truth About Toronto," the following descriptive comments are presented in a recent printed publication being distributed in the United States. These statements have even been broadcast by radio. They represent Hydro as "a political Frankenstein, defiant of the law . . ." "recklessly expending the public funds in the promulgation of political propaganda. . . ." "as breaching its solemn contracts, and as the ruthless oppressor of private business," and finally, "as a gigantic governmental agency, destructive of business prosperity in Ontario."

It is regrettably true, and perhaps significant, in the light of what is happening to-day, that these statements are based upon comments which were originally published by a citizen of this Province who received financial subsidy from antagonistic interests in the United States. Although they are applied to Toronto they were made during the Chairmanship of Sir Adam Beck and with reference to Hydro as a whole. But the point to be noted is that the published statements made by this thoroughly discredited author are being used to-day to influence opinion elsewhere against public ownership of utilities by the disparagement of Ontario's achievements.

On another page of this publication being distributed in the state of Iowa it is stated that "The Ontario Hydro plant is subsidized by the Government. Relatively, its service is poor. Its rates are political, inequitable and unjust."

A publication now being distributed in the state of Wisconsin refers to the Hydro undertaking in a derogatory way and in order to stigmatize it as a political enterprise states:

"The Hydro had made a bid for political support and got that support by bribing the domestic users of electricity and by vastly increasing their number by means of the bribe of low rates."

Perhaps no more unscrupulous publication respecting the Hydro-Electric Power Commission has been issued than that which is one of a series of "Reports on Municipally Owned Utility Properties," issued

by a Chicago organization. The particular report which deals with "Hydro-Electric Power System of Ontario, Canada," however, does not disguise its aim. It is frankly stated in the opening pages that the Report is issued to be of service in the case of "a thorough-going anti-municipal ownership advertising campaign" and yet this is the very publication from which misleading and utterly false statements have been taken, and used in Ontario, word for word, in attacks upon the Hydro.

With regard to designs for exploiting Ontario's water powers for profit, only a few days ago a former Toronto newspaper editorial writer publicly stated:

"I have learned on excellent authority that a scheme is under way by a private power ring to secure rights to the development of power in the international section of the St. Lawrence river."

It is rarely that any relatively long interval of time passes without there coming to the attention of the Commission some item or items of fresh information of significance respecting the menacing efforts constantly being made against the Hydro undertaking. Each separate item of information, considered by itself, however, has in many cases received little attention from either the Ontario Press or the public; it is only when various items of evidence are brought together that the real bearing of each part becomes fully apparent.

Enough has been said to establish the fact that when the Commission and its Chairman refer to attacks made upon the Commission and its work, they are *not dealing simply with an historical survey but with present circumstances of a nature that demands an aroused vigilance upon the part of all Hydro consumers to safeguard their undertaking from harm.*

Before the crucial question "Are present anti-Hydro attacks paid-for propaganda instigated by interests seeking their own benefit?" is considered, it will be helpful to examine the questions "What interests would benefit from injury to Hydro?"; "What harm might they seek to work?"; and "What measures are likely to be taken to injure Hydro?."

### What Interests Would Benefit from Injury to Hydro?

From the standpoint of Ontario electrical consumers, the work of the Hydro undertaking has been wholly beneficial. Directed towards the single objective of providing low-cost electrical service, its achievements on behalf of the consumers stand as a worthy monument to the public-spirited citizens who initiated the undertaking and brought it

to its present position of world leadership, in point not only of service but also of magnitude of operations.

However, the very success of Hydro has caused it to be looked upon with misgivings and even with enmity by powerful interests outside the Province, and—it is regrettable to note—by some individuals within the Province.

In the great country to the South of the international boundary, the electrical utilities are still mainly operated for private profit of shareholders in utility companies. Although the Hydro-Electric Power Commission has followed the policy of abstaining from participation in matters affecting territories outside its jurisdiction, its operations nevertheless are matters of public record. Consumers of privately-owned utilities in the United States have gained a knowledge of the great differences that exist between what they pay and what Hydro consumers in Ontario pay for electrical service; and there is agitation in the United States for a more extended public ownership.

In a word, the success of Hydro in Ontario is a menace to the permanence of excessive profits of privately-owned electrical utilities. The utility interests have sought to safeguard their own position by denying or discounting the achievements of Hydro and by misrepresenting its operations. Statements ostensibly emanating from Ontario sources that disparage or misrepresent Hydro accomplishment or administration are seized upon as particularly useful for quotation and circulation in the United States.

Any injury to Hydro, which impairs its actual operations, hampers its efficiency, or gives an appearance of dissatisfaction within Ontario, would be regarded as a benefit to privately-owned utilities that suffer from comparison with Hydro.

Moreover, public-utility financiers in the United States, and some in Canada, have desired to exploit valuable water powers of Ontario, and Hydro as guardian of water-power reserves is an obstacle to such exploitation. Many millions of dollars of profit are possible to financiers who can succeed in persuading the people of Ontario that certain water powers are not required for growth of Hydro demands, or that Hydro administration is unworthy of confidence. It will be perceived how such interests could regard injury to Hydro as of benefit to their aspirations.

As will amply be demonstrated from the facts recorded in the pages that follow, interests that would definitely benefit from injury to Hydro have actually been engaged in promoting attacks upon Ontario's undertaking, directly and by secret monetary contributions to individuals.

## How Could Hydro Most Effectively be Harmed?

In order to judge whether the programme of attack now being conducted against Hydro is such as might be expected to emanate from the financial and foreign public-utility interests that would benefit from injury to the Hydro undertaking, it will be pertinent to consider by what steps such interests could naturally proceed in attempting to further their objectives.

Utility interests in the United States could spread in their own country misrepresentative propaganda denying or discounting Hydro achievements. This would tend to have the double effect of countering public-ownership agitation in that country and of impairing perhaps to some degree Hydro's credit in less well-informed financial circles.

Propaganda could also be circulated in Ontario, attempting to cast doubt upon the efficiency and integrity of Hydro administration. Innuendo and insinuation would be freely used. Definite charges would not be made by persons of responsibility, because such charges could not be sustained by the facts. However, from the public platform and through the Press there would be agitation for public investigation of the innuendos and insinuation.

By such procedure, attempt would be made to undermine confidence in the Hydro undertaking and in its administration. Hydro, being a co-operative municipal undertaking owned by some 760 municipalities under the trusteeship of the Hydro-Electric Power Commission, depends for its success very largely upon mutual confidence, and if this is impaired, the injury that is sought is attained, and the way is prepared for further and more direct onslaughts of benefit to those opposing the undertaking. At the same time, the misrepresentations made within Ontario would be valuable material for use outside of the Province.

Respecting the preservation of the great asset of mutual and sustained confidence, Sir Adam Beck gave repeated warnings. Not long before his death he said that so long as the municipalities

"retain their confidence towards each other and towards their Commission, no assaults, no matter what their character may be, can prevail against their great and successful co-operative undertaking."

The specific matters chosen for misrepresentation would be such as would best advance the ultimate purposes of the financial and public-utility interests desirous of harming Hydro. One of the surest ways of ultimately destroying public approval of Hydro would be to bring about a power shortage.

The consequences of a shortage of Hydro power would be so grave, in preventing full employment of workmen, and hampering Ontario's industries in world competition, that a Hydro Commission under whose administration the shortage occurred might be charged with incompetence and with failure to carry out its duties.

Antagonistic interests seeking to bring about a power shortage in Ontario might endeavour to place every possible obstacle in the Hydro Commission's path, in connection with its necessary advance provisions for power supplies. Attempt would be made to persuade the public that any fore-handed action looking towards meeting future power requirements is unnecessary. The difference between aggregate arrangements for present and future power supplies, and the amounts currently required for consumption, could be persistently represented as 'unsaleable surplus' power.

Contracts made by the Hydro Commission for power, in reality absolutely essential to protect the power situation, would be represented as having been unnecessary or made for ulterior motives. If a depression intervenes, temporarily reducing power consumption below normal, and necessitating extra power reserves to enable industrial activities to be resumed, the antagonistic interests could represent the reserve power as unnecessary 'surplus', and its cost would be referred to as 'enormous losses.'

In such ways it could be sought to build up a public opinion hampering the Commission in making provisions without which power shortage cannot be avoided, or reserves sufficient to maintain service without frequent interruptions kept on hand. If and when the power shortage was actually brought about, the interests antagonistic to Hydro would have secured three advantages.

First: Instead of having, as at present, to use unfounded assertions regarding alleged but really non-existent maladministration of Hydro, these interests in their propaganda could point to real evidence of inefficiency.

Second: The demand for power in Ontario, which Hydro had been prevented from meeting would offer a field open to profit-seeking private interests.

Third: Hydro would have been prevented from developing, for the benefit of the people, the water powers coveted by private finance, and these water powers would remain as opportunities for exploitation.

Is it without significance that the present intensified anti-Hydro campaign within Ontario is largely directed towards implanting in

the minds of the people of Ontario the wholly unwarranted belief that the Commission has been making unnecessarily large provisions of power? These misrepresentations of the power situation have repeatedly been demonstrated by the Commission in its published statements to be without foundation. The facts presented by the Commission have not been disputed, but nevertheless the misrepresentations are persisted in. What object can there be in such a campaign of misrepresentation, unless it is designed to further the purposes of interests antagonistic to Hydro?

### **Why Are Salaries of Hydro's Professional Staffs Attacked?**

Another damaging procedure which interests desirous of harming Hydro could be expected to follow, would be to attempt to deprive the Commission of competent technical direction.

Those familiar with the affairs of large undertakings know that in nearly every profession, no matter how large its membership, men of the outstanding ability required to secure maximum efficiency are few in number. They know—as perhaps the general public does not know—that the leaders in the legal profession, in business administration, and in medicine and surgery can command fees and salaries amounting to many hundreds of dollars a day. They know also, that where large interests, running into the hundreds of millions of dollars, are concerned, it is false economy to employ mediocre professional talent. A first-grade executive or professional man saves the difference in his salary over that of a less competent man, many times over. Sir Adam Beck contended that the safety of Hydro was contingent on the integrity and ability of the officers and employees of the Commission and the co-operating utilities.

The Hydro-Electric Power Commission of Ontario is fortunate in that it has been able to find in the Province engineers and other professional men of the highest ability, who combine with these qualifications long records of devotion to the public service. Through these men, the Commission has been able to provide for the electrical consumers of Ontario executive direction of their undertaking that has achieved an unparalleled success, at a cost for salaries that is very much lower than those paid by large privately-owned electrical utilities in which the service motive is not always the ruling one.

There are, however, limits beyond which no public undertaking is justified in asking its servants to accept personal sacrifice for the public benefit. There is, for example, a big difference between asking a public-spirited man to work for one-half of what he could command elsewhere, and asking him to work for one-fourth or less of that sum.

If the private interests antagonistic to Hydro could bring about a situation whereby, through arousing public opinion to a belief that Hydro salaries ought to be lowered still further, the Commission were deprived of first-grade executive and professional talent, these interests would regard such weakening of administrative capacity of the Hydro undertaking as a notable victory.

Is it without significance that the present intensified anti-Hydro campaign includes a definite effort grossly to misrepresent Hydro salaries?

### **Why do Anti-Hydro Attacks Take the Specific Directions They Do?**

Obviously, from what has been said regarding the benefits sought by interests attacking Hydro with a view to its injury, such interests would direct their attacks along the specific lines best calculated to advance their ultimate objectives.

Besides seeking by general misrepresentation and adverse criticism to undermine public confidence in Hydro; to bring about a power shortage that would discredit Hydro; and to weaken its executive administration, antagonistic interests would single out specific matters for misrepresentation and attack. Special attention would be given to matters in which Hydro policies have prevented these interests from attaining their purposes of exploitation.

Private interests employing Ontario spokesmen to attack the Commission's work would naturally seek to place obstacles of manufactured public sentiment in the way of the Commission's efforts to retain and extend public control over water rights and franchises. For example, if the Commission develops a water power that the private interests had coveted, such development could be represented as having been unnecessary or made for ulterior motives. If the Commission forestall foreign private interests in acquiring franchises, it would be falsely represented that the properties acquired were not worth the money paid.

It will clearly be an aid towards determining whether present attacks are in reality paid-for propaganda instigated by interested parties, to recall some of the actions the Commission has taken in safeguarding the people's heritage and to see if the present anti-Hydro criticisms are specially directed against such actions.

### **Chats Falls Retained in Public Control**

For some years the Commission has been endeavouring to clear up outstanding difficulties appertaining to some of the water powers

on the inter-Provincial Ottawa river in order that Ontario's share of these powers could progressively be developed. In this connection some circumstances came to public attention in 1930 when Mr. Samuel Insull—at that time a mouthpiece of private electric monopolies of the United States—visited Toronto, spoke as the guest of the Canadian Club, and made various comments about our Hydro undertaking that were far from true. Among other representations, he claimed that Hydro was a political system and, in contrast, spoke in glowing terms of the great utility organization in the United States with which he was so closely identified.

Following Mr. Insull's visit, came a pamphlet from a large United States electric-utility organization speaking disparagingly of the Ontario Hydro rural electrical service. At that time condemnatory statements of such methods appeared in the Press of the Province and a leading editorial in the *Ottawa Journal* dealing with some of these matters, ended with the statement:

"But the private electric companies of the United States find the Ontario Hydro and its lower charges a terrible thorn in their sides."

Events subsequent to Mr. Samuel Insull's departure from the United States have demonstrated that Ontario's Hydro undertaking rests on a much more solid and workable foundation than Mr. Insull, at the time of his Toronto visit, was ready to concede.

Mr. Insull's brother and business associate had been approached by interests in Canada with the object of enlisting his financial and other support to obtain working control of extensive water powers in the Ottawa watershed, including such rights as were claimed to appertain to the Georgian Bay Canal Charter. These proposals were regarded as decidedly menacing to Ontario's interests. When the Georgian Bay Charter and other matters were cleared up the Commission was able to develop its Chats Falls power site.

It is unnecessary here to make more than passing reference to the difficulties the Commission experienced in a portion of the Georgian Bay System through the efforts of the now defunct 'Foshay interests' of Minneapolis, U.S.A., to extend their electrical operations in territory in which Hydro was operating.

It was also represented that foreign interests were seeking to acquire power properties in our Madawaska areas but here, in the interest of the Hydro undertaking, the Commission was able to acquire essential properties and thus prevent undesirable invasion and competition.

Again, it is pertinent to recall the circumstances in connection with the Dominion Power and Transmission properties where outside interests again were active to acquire these properties, and either enter into increased competition with Hydro or else to allow conditions to be created that would eventually require the people of the Province of Ontario to obtain possession of these Dominion Power and Transmission properties at substantially higher costs.

### St. Lawrence a Public Heritage

Next, it is significant to direct attention to the water powers of the St. Lawrence river. Ontario's million horsepower on the International section of the St. Lawrence is regarded as Ontario's most important individual undeveloped power site. Influence has been brought to bear with the object of obtaining, through Federal avenues, rights that would involve all power and navigation upon the St. Lawrence river. Such a programme would have been detrimental to Ontario's rights and interests. Here, again, foreign interests have endeavoured to enlist Canadian co-operation.

Among the great privately-owned utility consolidations in the United States are what is known as 'the Doherty interests.' In 1931, these interests are stated—according to reports in the public press—to have been active in Ottawa sponsoring a proposal to the effect that if they were granted full rights on the St. Lawrence they would present the Government of Canada with a free navigation project and reimburse themselves through the development of the St. Lawrence water powers. Here, again, favourable Canadian contacts, apparently, were sought and among such efforts was the approach made to the Mayor of Toronto and to one of the Hydro Commissioners at a private luncheon party at which the host was one who was represented by his friend, who was associated with him at the luncheon, as being "employed as a lobbyist by United States power interests."

Although the host subsequently stated that his relationship was not as represented at the luncheon, yet it was not satisfactorily explained why the luncheon was held, why the strange proposals were made, nor the extent of the interests back of the host. It is hardly conceivable that the host at the luncheon—a citizen of Ottawa—would be making such momentous proposals on his personal behalf.

Now, these various features are cited in the first place for the purpose of bringing out the fact that influences are more or less constantly at work to invade the sphere of operations which the Hydro-Electric Power Commission regards as one that should be maintained inviolate because of the basic interest—financial and

otherwise—that the citizens of Ontario have in their Hydro undertaking as well as in the undeveloped water-power resources of the Province.

But, the pertinence of referring to these instances of definite attempts to wrest control of Ontario's valuable power properties from the Commission—which attempts the Commission has defeated—is not primarily to emphasize the fact that such attempts have been made in the past, or even that they may be renewed in the future. Important as such facts are, it is even more important at the present time to draw attention to the coincidence—if it be such—that the very matters in which foreign interests antagonistic to Hydro have manifested activity, and have been frustrated by the Commission—namely, the St. Lawrence, the Chats Falls on the Ottawa, the Madawaska properties and the Dominion Power and Transmission properties—are also the matters singled out by present critics in Ontario for special criticism.

Moreover, is it without significance that private interests seeking in the past to acquire power properties in Ontario essential to Hydro's future are known in many cases to have worked through Canadian representatives, and that the criticisms against the actions of the Commission that safeguarded for the citizens of Ontario their natural heritage, are also at the present time being made through Canadian mouthpieces?

From what has been said, it will now be clear that there are powerful financial and private-utility interests that have strong motives for wishing harm to the Hydro undertaking. It is also apparent that the attacks now being made in the United States and in Ontario in intensified form are such as would serve the purposes of such interests.

Attention has been called to the fact that the Hydro matters specially being singled out for misrepresentation in Ontario are chosen in a manner to hamper the Hydro Commission in its essential power provisions, to weaken its ability to secure and retain competent technical and executive officers, and to discourage the Commission from preventing exploitation of Ontario's water powers for private profit.

Further facts may now be cited to throw light upon the significance of the fact that the present anti-Hydro attacks are being made without open acknowledgment of whose interests they are designed to advance. Recent disclosures made through government channels in the United States indicate that *secrecy of origin is characteristic of private-utility propaganda.*

## Origin of Propaganda Habitually Concealed

The Commission is sure that the Canadian people have relatively little appreciation of the tremendous publicity campaign that for years has characterized the activities of public utilities in the United States. As a matter of fact, until comparatively recently, even the general body of citizens of the United States were not aware of the extent to which such propaganda has been conducted in their States for the purposes of creating a favourable impression in the public mind towards the operations of privately-owned public utilities in that country.

From the standpoint of the Province of Ontario, this propaganda in the United States is of very special importance because the utilities there not only seek to create a favourable impression for their own operations, but their programme involves an attack upon government ownership in general and, in this connection, there has been a definite singling out of Ontario's municipally-owned Hydro enterprise for vigorous and sustained attack.

The public on both sides of our international boundary need be no longer in doubt regarding the character and extent of propaganda activities of public utilities in the United States because the Federal Trade Commission, in its Hearings at Washington, D.C., has disclosed a record of propaganda that admits of no defence.

So far as the electric utilities are concerned, the propaganda was conducted largely through the agency of the National Electric Light Association with headquarters in New York City. There were national, state, and local organizations, with 28 State Information Committees operating in 39 States under names which frequently disguised their essential character. The first of these State organizations is said to have been founded by Mr. Samuel Insull—at present under criminal indictment and recently seeking refuge in Greece. This Committee was for the State of Illinois. Of the thirteen main geographic units, one was formed for operation in Canada. Mr. Insull's instructions were to "get busy and do something." Local editors of the public press, leaders in education, in business and in civic affairs, wherever possible and by devious methods, were induced to assist in the private-utility propaganda. Doctrines involving customer-ownership, industrial relations, and educational programmes were brought to attention from the public platform; through the agency of women's committees; through schools, colleges, universities; through commercial, social and civic clubs; and through insurance companies; while the newspapers and periodicals of the country were, wherever possible, brought into line with the plans of national and state programmes.

The Press was assisted to line up through an extensive programme of paid advertising; and along with this, editors were expected to present editorial and news items, withholding, of course, information respecting the origin of the propaganda material supplied.

Mr. George F. Lewis, the Director of the Rocky Mountain Information Committee states that:

“Not only the average citizen, but legislators, city officials, and other public officers have been educated towards a more favourable attitude towards the utilities . . . Had utility industry . . . not inaugurated systematic advertising . . . educational . . . and widespread activities . . . we’d,” states Mr. Lewis, “all be in a hell of a shape today.”

Mr. B. J. Mullaney, reputed to be Mr. Samuel Insull’s right-hand man, is said to link municipal-ownership advocates with Reds and Communists.

### Devious Publicity Methods

The private utilities had on their payroll men not connected with them; but who were associated with the Press. They were employed to write articles without disclosing their connection with the utilities organizations. The schools of the United States were invaded with literature prepared under the influence of public-utility advocates and a definite censorship was maintained wherever possible in order to keep from school and college curricula such books as might not contribute to the programme of the private-utility executives. Men and women were specially trained in public speaking and educated in various ways to counteract any tendency towards public ownership. Various clubs were fostered, prizes awarded for suitable essays, and professors in Universities were placed on the payrolls of the utilities for services rendered in connection with the utilities educational programme.

There have been various summaries of the findings of the Federal Trade Commission; one by a member of the Research Staff of the Peoples’ Legislative Service, may be quoted. In summing up some of these “educational” efforts, he says that:

“by censorship, eliminations, ‘assistance’ to authors, for circulating works of their own, the private utilities engaged actively in censoring, or removing from the schools or elsewhere, any works that did not meet with their approval.”

The colleges and universities were not overlooked, and in fact, received special attention, and we are told that when the Information Director speaks to college students,

"they are told that municipal and government ownership are unsound; that swollen profits and watered stock are impossible under the law; that the public owns the utilities; that high rates are a misconception; and that the utilities always aim for the lowest rates."

By insinuating methods, text books and teaching in courses dealing with utilities were introduced into university courses and, as has been stated:

"The plan was put across in the usual way. We laid the ground work circumspectly and with care so that the actual suggestion that such courses be started came from the faculties of the institutions themselves. The rest was routine."

Millions of pieces of literature have been distributed with the object of getting the private-utility agents' views on the subject of municipal ownership to every person that can be reached in the country.

### **Misrepresentations Prepared in United States Used in Canada**

There is proof that United States *funds* have been used to subsidize the preparation of anti-Hydro propaganda emanating ostensibly from Canadian sources and extensively employed in that country. Also, there is incontrovertible evidence that anti-Hydro propaganda material has come from the United States to Ontario and has been used in public attacks upon the Commission's work.

The "Reports on Municipally-Owned Utility Properties" to which reference has been made above, and which were published in Chicago for the avowed purpose of being used in case of "a thorough-going anti-municipal ownership advertising campaign," include more than thirty printed, letter-sized pages containing gross misrepresentation of the Hydro Commission's work. It is, for example, stated with respect to the Commission's Queenston-Chippawa development, which actually cost less than \$77,000,000, that "the final cost has been not far from \$150,000,000."

Not only has the false statement respecting an alleged final cost of \$150,000,000 been made from the public platform in Ontario and published in the Press of the Province, but whole paragraphs from this vicious anti-municipal-ownership publication have been delivered word for word in the course of attack on the Commission's work. It makes little if any difference whether those repeating such misrepresentations

as are put out by interests in the United States select it at first hand or obtain it by proxy.

The Commission's published reports and statements contain the authoritative information of the Commission's financial and other operations. Is it without significance that for purpose of attack on the Commission's work within Ontario the published facts are ignored and, instead, misrepresentations manufactured in Chicago for the avowed purpose of anti-municipal-ownership advertising are used to misinform the citizens of Ontario?

### Ample Funds for Advertising

The foregoing comments have been confined largely to the activities through the National Electric Light Association, but advertising was, of course, by no means confined to the electrical utilities, and when one considers figures that have been submitted for advertising for utilities in general, we find it stated that for the United States: "The costs of advertising range from \$10,000,000 to \$38,000,000" per annum. The comment has been added that the smaller figure is used when utilities are being "investigated by Federal law," but when conducting their programme for "free advertising in the form of manufactured news and editorials," it is found that "the larger figures were more effective to dangle in the publishers' eyes."

The Publicity Director of the National Electric Light Association when asked if they had overlooked any means of publicity, replied:

"Only one, and that is sky-writing. I don't believe we have tried that with aeroplanes."

Now that the disclosures have been made through the public Hearings of the Federal Trade Commission at Washington, the attitude of many who were pronouncedly antagonistic to Ontario's Hydro undertaking is explained. Before, it was difficult to know why there should be such antagonism from those who, on general lines, would be expected to be more or less indifferent, but their interest is better understood when one reviews the advertising programme of the electrical utilities in the United States with their large budget available for paid assistance.

It would be interesting to know in what way the Canadian unit comprised in the thirteen units of the National Electric Light Association organization—now succeeded by the Edison Electric Institute—is expected to function with reference to Ontario's Hydro undertaking and what, if any, funds have been made available or are available for

influencing public opinion in any part of Canada against Ontario's municipally-owned undertaking.

It is certain that the lack of any open acknowledgment by those acting as mouthpieces for anti-Hydro propaganda in Ontario, admitting that their efforts are being made on behalf of the only interests that could benefit from injury to Hydro, is not sufficient ground for Ontario citizens to conclude that there is not secret instigation of the attacks. Concealment of origin has been characteristic of the propaganda emanating from such interests.

### **Proofs that Private Interests Have Paid for Anti-Hydro Propaganda**

The work of the Hydro-Electric Power Commission of Ontario has throughout its existence been subjected to a series of specific attacks. Many of these attacks have been recognizable at the time that they were made as being of a character that would justify a conclusion that the persons delivering the attacks were not averse to injuring the enterprise.

In several instances, however, it was not until a number of years had elapsed that definite *proof* came to the knowledge of the public, showing that *many anti-Hydro attacks were sponsored and paid for by interests that hoped to benefit through discounting the achievements of Ontario's Hydro undertaking.*

Now it is known that right up to the present time similar attacks have been continuing against the Commission. It is freely recognized that with respect to some of the more recent efforts directed against the Commission's work, it may again be some years before evidence amounting to *proof* comes to light, such as is now available regarding earlier attacks. Indeed, it is quite possible that in some instances the injurious propaganda still being issued against the Hydro undertaking is not sponsored or paid for by private power utilities, but results either simply from a reckless disregard for the welfare of Ontario citizens on the part of irresponsibles; or, conceivably, from prejudice that closes the eyes of otherwise well-meaning persons to obvious and undeniable facts.

It is observed, however, that some recent attacks are of a character such as one might expect to emanate from interests desiring to harm the cause of public ownership, just as has been the case in the past. It is known, further, that at least one propaganda organization that in the past spent large sums of money in the attempt to discredit Ontario's Hydro achievements is still in existence, even though under a new name.

Such being the case, it is a matter of *present* vital importance to give careful consideration to some of the attacks that have been made in the past upon the undertaking of Hydro municipalities, particularly in the light of the recent revelations regarding what was the secret sponsorship and stimulus of these earlier attacks.

#### Four Prominent Attacks on Hydro

In 1920, a New York firm of engineers, Messrs. Murray and Flood, after several months spent in making an investigation, so-called, of the Commission's work, presented their report to the National Electric Light Association. This report, claiming to be "based upon an impartial and exhaustive study," was found to contain so many gross errors and misrepresentations that Sir Adam Beck, in view of the widespread distribution given to the report and of the organization sponsoring its publication, deemed it desirable in the interests of the Commission's work to demonstrate its unreliability. In his summing up of the Murray-Flood Report, Sir Adam Beck states:

"Mr. Murray has made definite statements purporting to be true but which are at absolute variance with well-known facts. He has misquoted statements, even replacing significant words therein with others. . . .

"His garbling of documentary data, his general misrepresentation respecting the operations of the Commission, his unwarranted statements relating to the concentration of industries or to the throttling of initiative, his puerile dealing with economic subjects, such as municipal taxation, the question of 'intangibles,' bonded indebtedness, and other similar features, and even his unprofessional treatment of important technical data, will all be found to be characterized by lack of frank and adequate consideration. . . .

"Mr. Murray's report is not 'exhaustive,' it certainly is not 'impartial,' and, moreover, embodying, as it does, such fallacious methods as Mr. Murray has employed, its conclusions also are necessarily unsound."

The Murray-Flood Report was also translated into French and copies distributed in Canada.

\* \* \*

Early in 1925, Dr. Charles D. Walcott, of the Smithsonian Institution of Washington, D.C., published a volume under the authorship of Mr. Samuel S. Wyer, an Associate in Mineral Technology of the United States National Museum, in which grossly incorrect statements were made, as well as charges that the Commission's

domestic consumers were supplied at rates below cost, and that serious deficit was being allowed to accumulate, to be later borne by the taxpayers. In this case also, in view of the authority sponsoring the "report," Sir Adam Beck published a statement in definite and categorical refutation of the assertions of Mr. Wyer.

Sir Adam referred to the report as one which "for prejudice and puerile superficiality leaves nothing to be desired," and as "simply a tissue of misrepresentations and unfounded criticisms."

Senator George W. Norris of Nebraska, commenting in the United States Senate upon the publication of this report, said that as a citizen of the United States he felt "humiliated" at the course that had been taken by the Smithsonian Institution.

The 'humiliation' was justified. Only as recently as April 27th, 1934, by means of exhibits placed in the record at Hearings before the Federal Trade Commission respecting publicity and propaganda activities, was it emphasized what an important relationship the former Secretary of Commerce, Mr. Herbert Hoover, and others had in assisting the Smithsonian Institution to make publication and extensive distribution of the Smithsonian-Wyer Report. It was there brought out that in order to give this Smithsonian-Wyer Report wide publicity, it had been suggested that Mr. Charles Taft's brother, Chief Justice Taft—who was Chancellor of the Smithsonian Institution—would have an important voice in the matter of suggesting reprinting of the "Niagara Falls paper,"—the name by which the Wyer Report was commonly referred to. A letter from Mr. Samuel S. Wyer to the President of one of the Utilities interested said,

"I am herewith enclosing memorandum which you can hand to Mr. Charles Taft, brother of Chief Justice Taft, who is Chancellor of the Smithsonian Institution, and would have important voice in the matter of suggesting reprinting of the Niagara Falls paper."

And in another communication Mr. Wyer advises aggressiveness in properly 'coaching' others respecting the facts of governmental ownership. He writes,

"These salesmen in the Pullman smoking room debates, hotel lobby conversations and in other contacts with the consumers, have many opportunities of quietly but nevertheless effectively spreading the truth regarding the undesirability of governmental ownership.

"One direct way of bringing this about would be to have the salesman's employer furnish him with copies of the Smithsonian paper. . . ."

And Mr. Wyer adds,

"The plan I have outlined should, of course, be fostered and suggested by a public utility executive rather than by myself."

And so here once again, according to a recent record appearing in *The New York Times* there is found further illustration of the discreditable methods commonly employed; of seeking prominent persons or organizations to aid in critical propaganda; of influence being brought to bear to enlist their co-operation in attack upon public ownership, and of secrecy with respect to the origin of the propaganda.

\* \* \*

In 1925, there was published a book by Professor James Mavor who, for many years, had occupied the Chair of Political Economy in the University of Toronto. It was entitled "Niagara in Politics," and purported to deal critically and authoritatively with prominent features of the work of the Hydro-Electric Power Commission of Ontario. Professor Mavor's whole publication, however, is so permeated with inaccuracies of statement, incorrect data, innuendos and other indefensible procedure, that the public press of the Province regarded that these features of the book constituted the best demonstration of its unreliable character.

It was, for example, editorially commented that:

"The reputation of the late Professor Mavor as a writer of works of political economy has been most injuriously affected by the posthumous\* publication of what purports to be a history of 'Niagara in Politics', but which is in reality a brief against the public ownership or operation of the water powers of Ontario, and all similar ventures into the fields of transportation and industry."

"It may seem ungenerous to criticize the dead, but it is not less so that the dead should put into currency such amazing misrepresentations concerning the public men and the public life of the Province in which Professor Mavor had his home for a large part of his life, but of which in all essential respects—its beliefs, ideals and economic necessities—he appears to have remained ignorant to the end."

\* \* \*

Later, a publication was put out by a Mr. E. A. Stewart who came to the Commission representing that he was collaborating with

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NOTE:—Professor Mavor's death occurred before the printing of his book was completed and thus it issued shortly after his decease.

the University of Minnesota in a work in which they desired to present a view of the Commission's work in the field of rural electrification.

Upon Professor Stewart's work in preliminary form being presented to the Commission, it was seen that it would be necessary to insist that the Commission's officers be allowed to look over the Commission's data in the final form in which the University proposed to use them. It later became necessary to make an appeal to the University to accede to this request, with the result that the Commission was informed that the University did not intend to continue its identification with the work. The sequel was that the publication was issued 'privately' by Professor Stewart, and without incorporating some of the representations the Commission believed essential for an adequate presentation of its work in the field of rural electrical service. Through its failure fairly and adequately to present Hydro operations, the Stewart publication was found useful to the National Electric Light Association and others, in order to make representations discounting Hydro achievements. The attack was none the less effective because of the fact that the report was advertised to be an "impartial, and scholarly survey."

#### All Four Attacks Recently Proved to Have Been Paid For

In these publications which have been thus representatively referred to, will be found striking examples of the unjust attacks that throughout the years have been made upon the Commission's work. It has been pretty generally surmised throughout Ontario that a great deal of this opposition is nothing less than paid-for propaganda, but it is only comparatively recently that the facts that prove this to be so have become available to the general public.

In the course of the Hearings before the Federal Trade Commission held in Washington during recent years, it has been brought out that the National Electric Light Association paid Messrs. Murray and Flood for their Report purporting to present the true picture of Ontario's "Hydro," \$8,830. The Association printed 10,000 copies at a cost of \$13,800.

Mr. S. S. Wyer was subsidized by the National Electric Light Association and is said to have "been paid munificently for this and other private utility services." For such services it is recorded that over \$25,000 had been paid to Mr. Wyer.

Professor James Mavor, it has been stated, received \$1,000 that the National Electric Light Association transmitted through the Southern California Edison Company. The payment was designated

as for a "mutual friend," and years later it was disclosed that this expression referred to none other than Professor Mavor. His book was printed in the United States and 5,423 copies of it were paid for and circulated by the National Electric Light Association—doubtless in quarters where they would reflect unfavourably upon the Commission's work and against public ownership.

It was also brought out at the Hearings that Professor E. A. Stewart was in the employ of an organization supported by the power companies to the extent of \$7,500. At one time he was given a trip to Europe at the cost of \$500 a month and expenses. Contributions aggregating \$388 related to two trips to Ontario in preparing his Report.

When some of these facts were brought out there appeared in the daily press photographic reproductions of some of the cheques with their tell-tale endorsements.

Enough has been said to show that, where persons could be found willing to issue under their own names propaganda harmful to the Hydro undertaking, the finances have not been lacking to further their efforts. The revenues available to the propaganda organization—the National Electric Light Association—for publicity and other purposes, have been publicly stated to be some \$1,500,000 a year.

### **Propaganda Organization Still Exists**

Moreover, it has been disclosed that the organization that led in furthering these harmful anti-Hydro activities, still exists, under a new name. We have it on the authority of the Hon. Henry T. Hunt, general counsel of President Roosevelt's Federal Emergency Administration of Public Works, that the present Edison Electric Institute—the successor of the National Electric Light Association—is sponsoring an

"agency to further despoil the American people through exorbitant rates, nefarious financial practices and misguidance of public opinion pursuant to the policies of the malodorous National Electric Light Association. The snow-white vesture of members of the Institute in no wise alters the character and objectives of the sinister forces within it."

### **The Facts Demonstrate the Need for Vigilance**

The electrical consumers of Ontario in the foregoing pages have had brought together for their consideration, a number of significant and important facts.

It cannot be doubted that the motive still exists for powerful interests to instigate attacks on Hydro with a view to their own benefit.

It cannot be denied that such attacks are being made at the present time in intensified form both in the United States and in Ontario.

The specific Hydro matters against which attack is being concentrated correspond to the purposes of injury to Hydro that would be regarded as benefit by anti-Hydro interests.

Private-utility interests are now known to spend very large sums of money in their propaganda activities, using varied methods of concealment.

United States propaganda material, avowedly for "thorough-going anti-municipal ownership advertising campaign" purposes, has been used by those attacking Hydro in Ontario.

It is definitely proved that attacks specially directed against Hydro have been paid for by a propaganda organization supported by private-utility interests.

It is also authoritatively testified that this organization is still in existence under a new name but without alteration of objectives of its sponsors.

The Hydro-Electric Power Commission of Ontario believes that it would be neglecting its duty to the Hydro municipalities and electrical consumers for whom it acts as trustee, if it did not bring these important facts to their attention, and thereby enable them to have an intelligent appreciation of the need for raising the question "Are *present* anti-Hydro attacks paid-for propaganda instigated by interests seeking their own benefit?" It is not necessary to await any future disclosures that may be forthcoming respecting what may be the stimulus, financial or otherwise, for detrimental propaganda that continues to be issued against Ontario's Hydro undertaking. The close parallel between the evident purposes of the present propaganda and that which formerly was issued and paid for, is sufficient to warn Ontario citizens to be on guard.

Years of faithful and self-sacrificing effort have gone into the building of our Hydro undertaking from its early days when Adam Beck and his colleagues pioneered for it. Surely it is worth preserving from such unworthy attacks as it has had to bear.

### **How Can Hydro be Safeguarded from Injury?**

There are important ways in which citizens of Ontario who have at heart the welfare and preservation of their Hydro undertaking can

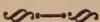
help to safe-guard it from harm and retain its benefits for themselves and for their children.

Many seeking to harm Ontario's Hydro apparently work upon the principle that if a misrepresentation is repeated a sufficient number of times it will eventually be believed, no matter how far from the truth it may be. They think that, with sufficient reiteration of criticism, people will in time conclude that "Where there is much smoke there must be some fire." They think, also, that if the misrepresentations made are sufficiently numerous and varied in character, at least some of them will be believed by a proportion of the people.

Those who have followed Hydro matters closely know that the integrity of the Hydro undertaking and of its administration is unassailable upon any *bona fide* basis. Again and again it has stood the test of the most searching investigation. For every charge, for every innuendo and insinuation that has been made against Hydro, the officially-recorded facts are available which show the accusations to be without foundation and based upon gross misrepresentation and distortion.

If Hydro consumers will simply remember that they are being subjected to a campaign which is an intensified continuation of former campaigns of misrepresentation, they will disregard false statements, however persistently they may be repeated, and thereby their harmful effects will be nullified. The public Press has done much, and can do more, to assist in countering misrepresentation with fact. Those specially concerned with Hydro matters can assist by making the truth known to those who are perhaps being influenced by anti-Hydro and anti-municipal ownership propaganda.

It is the Commission's hope that, with the facts contained in this pamphlet before them, all concerned to promote Ontario's welfare will be aroused to the necessity of resisting the insidious effects of persistently repeated propaganda, so that those instigating such harmful activities will fail in their purposes, and the co-operative municipal Hydro undertaking will be retained in a position to continue and to extend the outstanding benefits that it is now affording to the social and economic life of the Province of Ontario.





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